

## Message Text

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ACTION STR-07

INFO OCT-01 EUR-12 IO-13 ISO-00 SSO-00 TRSE-00 STRE-00  
INRE-00 NSCE-00 ICAE-00 AGRE-00 CEA-01 CIAE-00  
COME-00 DODE-00 EB-08 FRB-03 H-01 INR-10 INT-05  
L-03 LAB-04 NSAE-00 PA-01 CTME-00 AID-05 SS-15  
ITC-01 SP-02 SOE-02 OMB-01 DOE-15 /110 W  
-----020464 181826Z /75

O 181642Z MAY 78  
FM USMISSION GENEVA  
TO SECSTATE WASHDC IMMEDIATE 9809  
INFO AMEMBASSY HELSINKI

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PASS STR ELECTRONICALLY  
PASS TREASURY

E.O. 11652: N/A  
TAGS: ETRD, GATT, FI  
SUBJECT: GATT - BOP CONSULTATIONS WITH FINLAND

1. IN INFORMAL DISCUSSIONS WITH IMF DEL AND GATT SECRETARIAT, WE HAVE LEARNED THAT IMF NO LONGER CONSIDERS FINNISH RESTRICTIONS TO BE JUSTIFIED ON BOP GROUNDS. ORIGINAL STATEMENT TO BE PRESENTED AT BOP COMMITTEE APPARENTLY CONTAINED STATEMENT TO THIS EFFECT BUT FINNS, WHEN INFORMED, PROTESTED AND STATEMENT WILL NOW SAY THAT "IT WILL BECOME DIFFICULT TO JUSTIFY RESTRAINTS ON BOP GROUNDS IF BOP SITUATION CONTINUES TO IMPROVE." THE FUND ALSO PROJECTS AN IMPROVEMENT IN FINLAND'S BOP. THE SECRETARIAT AND IMF BELIEVE THAT FINLAND'S RESTRAINTS ARE PRIMARILY FOR TRADE POLICY REASONS UNRELATED TO THE BALANCE OF PAYMENTS AND THAT FINLAND, BECAUSE OF CONTINUING BOP DEFICITS, HAS USED THE EASY EXPEDIENT OF JUSTIFYING THEM UNDER ARTICLE XII. (AT 1977 CONSULTATIONS  
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FINLAND ADMITTED THAT RESTRAINTS WERE USED FOR BOP AND OTHER POLICY REASONS.) FINNISH IMPORT RESTRAINTS ON AGRICULTURAL PRODUCTS FULFILL A NEED FOR PROTECTION IN THIS SECTOR INDEPENDENT OF BOP DIFFICULTIES AND THE LICENSING SYSTEM ON PETROLEUM IS THOUGHT TO BE DESIGNED TO PERMIT PETROLEUM IMPORTS FROM THE USSR IN ORDER THAT FINLAND CAN EXPORT ITS GOODS INTO THIS MARKET. IT IS

DOUBTFUL, EVEN IN THE ABSENCE OF BOP DEFICITS, THAT FINLAND WOULD FOREGO THESE RESTRAINTS.

2. PRIOR TO THE LAST CONSULTATIONS WITH FINLAND WE NOTED (SEE 77 GENEVA 3769), DESPITE A SERIOUS DISREGARD FOR GATT BOP PROVISIONS BY MANY COUNTRIES, THAT FINLAND DUTIFULLY HEWED TO ARTICLE XII PROCEDURES. WE ALSO RECOMMENDED THAT U.S. BE HELPFUL TO FINLAND IN THE CONSULTATIONS. ALTHOUGH WE CONTINUE TO BELIEVE FINLAND SHOULD BE COMMENDED FOR ITS ATTITUDE, WE ALSO BELIEVE, IF WE ARE TO BRING THE COMMITTEE TO FUNCTION AS IT WAS ORIGINALLY INTENDED, THAT WE SHOULD BEGIN TO TAKE A HARDER LINE, SEEKING COMMITTEE RECOMMENDATIONS WHENEVER THEY APPEAR WARRANTED. IN THE FINNISH SITUATION WE THUS RECOMMEND THAT U.S. BEGIN TO MOVE COMMITTEE TOWARD A RECOMMENDATION THAT THESE RESTRAINTS ARE NO LONGER JUSTIFIED. AT MAY 24 MEETING WE MAY THEREFORE WANT TO QUESTION THE NEED FOR THESE RESTRAINTS MORE THAN WE HAVE IN THE PAST, INCLUDING PROBING FINLAND ON THE USES OF THE LICENSING SYSTEM. WE WONDER FOR EXAMPLE IF THE SYSTEM MAY BE USED TO BLOCK IMPORTS FROM THE WEST IN FAVOR OF FINNISH TRADE AGREEMENTS WITH EASTERN EUROPE.

3. FINALLY, WE BELIEVE WE SHOULD ATTEMPT TO OBTAIN A COMMITTEE RECOMMENDATION THAT FINLAND SHOULD REMOVE THESE RESTRAINTS AS ITS BALANCE OF PAYMENTS IMPROVES, THEREBY LIMITED OFFICIAL USE

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FORCING FINLAND EITHER TO REMOVE THE RESTRAINTS AS THE SITUATION IMPROVES FURTHER, WHICH WE DOUBT IS POLITICALLY POSSIBLE, OR TO DISINVOKE ITS JUSTIFICATION UNDER ARTICLE XII. WE SHOULD USE THIS MEETING, THEREFORE, TO SET THE STAGE FOR A COMMITTEE FINDING AT THE SUBSEQUENT CONSULTATIONS THAT THE FINNISH RESTRAINTS ARE NOT JUSTIFIED UNDER ARTICLE XII, ASSUMING, OF COURSE, THAT THE BOP SITUATION CONTINUES TO IMPROVE. SORENSON

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## Message Attributes

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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** TRADE, MEETINGS  
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**Decaption Date:** 01 jan 1960  
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**Disposition Approved on Date:**  
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**Disposition Date:** 20 Mar 2014  
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**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
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**Review Markings:**  
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